

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

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In re : Chapter 9  
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CITY OF DETROIT, MICHIGAN, : Case No. 13-53846  
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Debtor. : Hon. Steven W. Rhodes  
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**LIMITED OBJECTION OF FINANCIAL GUARANTY INSURANCE  
COMPANY TO FINAL APPROVAL OF THE DISCLOSURE STATEMENT**

Financial Guaranty Insurance Company (“**FGIC**”) files this limited objection (the “**Objection**”) to final approval of the *Third Amended Disclosure Statement with Respect to Third Amended Plan for the Adjustment of Debts of the City of Detroit* [Docket No. 4272] (the “**Disclosure Statement**”) and requests that the City<sup>1</sup> make the revisions to the last paragraph of Section VIII.L.7(a) of the Disclosure Statement set forth in the blackline of such paragraph attached hereto as **Exhibit 1** (the “**Proposed Revisions**”). A clean version of the proposed revised paragraph incorporating the Proposed Revisions is attached hereto as **Exhibit 2**. In support of this Objection, FGIC respectfully states as follows:

1. At the hearing on April 17, 2014, the Court required that the City add to the Disclosure Statement a description of the four statements of interest regarding the DIA Collection that Houlihan Lokey received, which were described in the Due Diligence Motion. Hr’g Tr. Apr. 17, 2014 (130:9-14) (asking counsel for the City if he “would object to a disclosure

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Disclosure Statement.

in the disclosure statement of the four . . . statements of interest that various parties made regarding the art that were included in the most recent motion that the Court received relating to the art").

2. In response to the Court's suggestion, the City added a paragraph to the end of Section VIII.L.7(a) of the Disclosure Statement.

3. On April 26, 2014, counsel for FGIC requested that the City make the Proposed Revisions to the last paragraph of Section VIII.L.7(a) of the Disclosure Statement in order to make it factually accurate and more accurately describe the four indications of interest in the DIA Collection that Houlihan Lokey received, as described in the Due Diligence Motion.

4. As of the filing of this Objection, the City has not responded to FGIC's request.

5. Based upon the foregoing, FGIC respectfully requests that the Court direct the City make the Proposed Revisions to the last paragraph of Section VIII.L.7(a) of the Disclosure Statement.

Dated: April 27, 2014  
Houston, Texas

/s/ Alfredo R. Pérez

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*Attorneys for Financial Guaranty Insurance  
Company*

**CERTIFICATE OF SERVICE**

I hereby certify that on April 27, 2014 *Financial Guaranty Insurance Company's Limited Objection to final approval of the Third Amended Disclosure Statement with Respect to Third Amended Plan for the Adjustment of Debts of the City of Detroit* was filed and served via the Court's electronic case filing and noticing system to all registered users that have appeared in the Chapter 9 proceeding of the City of Detroit, Michigan.

Dated: April 27, 2014  
Houston, Texas

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**Exhibit 1**

**Proposed Revisions**

On April 9, 2014, (i) FGIC, (ii) Syncora, (iii) AFSCME, (iv) Hypothekenbank Frankfurt and EEPK, (v) Wilmington Trust Company, National Association, as Successor COP Trustee and Successor Contract Administrator, (vi) Dexia Crédit Local, Dexia Holdings, Inc. and (vii) FMS-WM Service, solely in its capacity as servicer for FMS Wertmanagement, (the “Movants”) filed a Motion of Creditors for Entry of an Order Pursuant to Section 105(a) of the Bankruptcy Code Directing the Debtor to Cooperate with Interested Parties Seeking to Conduct Due Diligence on the Art Collection Housed at the Detroit Institute of Arts (Docket No. 3923) (the “Due Diligence Motion”). In the Due Diligence Motion, the Movants stated that they had engaged the financial advisory firm of Houlihan Lokey to conduct an independent assessment ~~of the value of a portion of the DIA Collection – including works that were not directly purchased by the City and that may be legally encumbered (see Section VI.E of this Disclosure Statement)~~ – and of “potential alternative market transactions” involving the DIA Collection – including works that were not directly purchased by the City – and to “develop a greater understanding of the potential value of the Art collection as a whole.” Due Diligence Motion, at ¶¶ 1, 10, The City believes that it is not in a position to sell the entire DIA Collection free and clear of encumbrances. (See Section VI.E of this Disclosure Statement). The Movants further stated, in the Due Diligence Motion, that Houlihan Lokey received the following four statements of interest in response to its inquiries regarding the DIA Collection (the “~~Statements of Interest~~”), ~~contemplating potential purchase amounts ranging from \$895 million (for a portion of the DIA Collection) to \$2 billion (for the entire DIA Collection)~~Proposals”):

- Catalyst Acquisitions, LLC/Marc Bell Capital Partners, LLC submitted a non-binding indication of interest in purchasing the entire Art collection for \$1.75 billion.
- Art Capital Group, LLC submitted a non-binding term sheet, offering to provide the City with an exit facility of up to \$2 billion, secured by the entire Art collection.
- Poly International Auction Co., Ltd., on behalf of a client, submitted a non-binding indication of interest in purchasing all Chinese works in the Art collection for up to \$1 billion.
- Yuan Management Hong Kong Limited, on behalf of certain investment funds, submitted a non-binding indication of interest in purchasing 116 pieces of the Art for \$895 million to \$1.473 billion. (Due Diligence Motion at ¶ 11.)

As set forth in ~~Exhibit A to Exhibit 5 of~~ the Due Diligence Motion, the ~~Statements of Interest were Proposals are~~ (i) non-binding; ~~and~~ (ii) condition~~aled and (ii) time limited on the City providing full diligence access to the DIA Collection assets. (Id. at ¶¶ 11-12, Ex. A to Ex. 5.)~~ The Due Diligence Motion is pending as of the date of this Disclosure Statement.

<b>Summary report:</b>	
<b>Litéra® Change-Pro TDC 7.5.0.20 Document comparison done on 4/27/2014 5:20:24 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> iw://USDMS/US_Active/44470689/1	
<b>Modified DMS:</b> iw://USDMS/US_Active/44470689/2	
<b>Changes:</b>	
<a href="#"><u>Add</u></a>	21
<a href="#"><u>Delete</u></a>	13
<a href="#"><u>Move From</u></a>	2
<a href="#"><u>Move To</u></a>	2
<a href="#"><u>Table Insert</u></a>	0
<a href="#"><u>Table Delete</u></a>	0
<a href="#"><u>Table moves to</u></a>	0
<a href="#"><u>Table moves from</u></a>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format Changes	0
<b>Total Changes:</b>	38

**Exhibit 2**

**Clean Version of Proposed Revised Paragraph**

On April 9, 2014, (i) FGIC, (ii) Syncora, (iii) AFSCME, (iv) Hypothekenbank Frankfurt and EEPK, (v) Wilmington Trust Company, National Association, as Successor COP Trustee and Successor Contract Administrator, (vi) Dexia Crédit Local, Dexia Holdings, Inc. and (vii) FMS-WM Service, solely in its capacity as servicer for FMS Wertmanagement, (the “Movants”) filed a Motion of Creditors for Entry of an Order Pursuant to Section 105(a) of the Bankruptcy Code Directing the Debtor to Cooperate with Interested Parties Seeking to Conduct Due Diligence on the Art Collection Housed at the Detroit Institute of Arts (Docket No. 3923) (the “Due Diligence Motion”). In the Due Diligence Motion, the Movants stated that they had engaged the financial advisory firm of Houlihan Lokey to conduct an independent assessment of “potential alternative market transactions” involving the DIA Collection – including works that were not directly purchased by the City – and to “develop a greater understanding of the potential value of the Art collection as a whole.” Due Diligence Motion, at ¶¶ 1, 10. The City believes that it is not in a position to sell the entire DIA Collection free and clear of encumbrances. (See Section VI.E of this Disclosure Statement). The Movants further stated, in the Due Diligence Motion, that Houlihan Lokey received the following four statements of interest in response to its inquiries regarding the DIA Collection (the “Proposals”):

- Catalyst Acquisitions, LLC/Marc Bell Capital Partners, LLC submitted a non-binding indication of interest in purchasing the **entire Art collection** for **\$1.75 billion**.
- Art Capital Group, LLC submitted a non-binding term sheet, offering to provide the City with an exit facility of up to **\$2 billion**, secured by the **entire Art collection**.
- Poly International Auction Co., Ltd., on behalf of a client, submitted a non-binding indication of interest in purchasing **all Chinese works** in the Art collection for up to **\$1 billion**.
- Yuan Management Hong Kong Limited, on behalf of certain investment funds, submitted a non-binding indication of interest in purchasing **116 pieces** of the Art for **\$895 million to \$1.473 billion**. (Due Diligence Motion at ¶ 11.)

As set forth in the Due Diligence Motion, the Proposals are (i) non-binding and (ii) conditioned on the City providing full diligence access to the DIA Collection assets. (*Id.* at ¶¶11-12, Ex. A to Ex. 5.) The Due Diligence Motion is pending as of the date of this Disclosure Statement.